



## Exercise #1



### What's wrong with this economic evaluation?

Note: This exercise is introduced at the end of the Module #3 PowerPoint and both the exercise, and the solution can be found in the "Resources" section of the module.

The Measure, Learning & Evaluation (MLE) project performed a cost-effectiveness analysis of the Urban Reproductive Health Initiative using the formulae below and published it on their web site

**Question:** What's wrong with this economic evaluation? (Hint: Examine the construction of the formulae)

#### Cost-Effectiveness and Relative Cost-Effectiveness

The cost-effectiveness of program component or activity A is

$$CE_A = \frac{\text{Change in mCPR due to activity A}}{\text{Cost of activity A}}$$

The relative cost-effectiveness of activity A compared with activity B is

$$RCE_{A/B} = \frac{CE_A}{CE_B}$$

Typically, across a suite of program activities one wishes to consider, one activity (in this case activity "B") is chosen as the yardstick against which the relative cost-effectiveness of the other activities are assessed.

See Exercise #1 Solution document for the answer.

To learn more about Track20 visit <http://www.track20.org/>

This exercise is part of Track20's Family Planning Costing 101 Online Training available at [http://track20.org/pages/track20\\_tools/FP\\_Costing\\_101/](http://track20.org/pages/track20_tools/FP_Costing_101/)